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Malaysia

Oilseeds and Products Annual

2013

Approved By:

Chris P. Rittgers

Prepared By:

Abdul Ghani Wahab

Report Highlights:

Soybeans are the leading U.S. oilseed product export to Malaysia, with U.S. soybean sales expected to be around 300,000 tons in 2012/13. Argentina will continue to supply the majority of soybean meal. Meal demand from the broiler sector is growing slowly, which will lead to marginal increase in meal use and imports through 2013/14.

Faced with high stocks and downward pressure on CPO prices, the Government of Malaysia is encouraging replanting to go along with the recently implemented new export tax regime. As a result of more replanting, and other production challenges, palm oil output is forecast to remain at 19 million tons through 2013/14. Exports are projected to grow marginally in line with demand growth in certain key markets.

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Executive Summary:

Soybeans remain the top U.S. oilseed product export to Malaysia, with sales averaging around 300,000 tons annually. With a slight expansion expected from the swine and broiler sectors, soybean imports are forecast to grow, albeit slowly. The food service industry consumes close to 100,000 tons of soybeans annually, mostly from Canada. In line with continued economic growth, robust demand for soy based drinks and poultry meat will continue to be the driving forces for soybeans and meal imports. Accordingly, meal imports are forecast to grow through 2013/14. Argentina is the dominant meal supplier.

Crude palm oil (CPO) output is forecast to remain at 19 million tons through 2013/14. Continued pressure on CPO prices, combined with government initiatives, will encourage both smallholders and larger plantation companies to accelerate replanting, limiting near term production expansion. The reduction in matured area equivalent from the replanting will be partial compensated for by new mature area in Sarawak.

Palm oil exports are forecast to increase to 17.55 million tons in 2012/13 and PKO at 1 million tons. Continued demand growth in key markets is expected to lead to a marginal increase in exports in 2013/14. China, India and Pakistan continue to be leading markets, while shipments to the United States remain near 1 million tons.

Exchange Rate: US\$1.00 = RM3.032 (Mar 14, 2012); RM3.121 (Mar 15, 2013)

Author Defined:**Other Relevant Reports**

Malaysia – Bio-Fuels Annual (ARG Number [MY2006](#))

TOTAL OILSEEDS

There is no commercial cultivation of soybeans in Malaysia.

1. Soybean**Imports**

Soybean imports are projected to increase modestly through 2013/14 in tandem with expectations for robust economic growth and consumer demand, which will drive demand for soy protein, both from the swine and broiler industries, and from food soybean market for soymilk beverages.

While exports dipped somewhat in 2011/12, the US is still the top supplier, and quantity is forecast to rebound in 2013/14. Canada is the second leading supplier, followed by Argentina.

Consumption

Soybean crushing activity is forecast to remain relatively flat, as feed compounders take advantage of plentiful meal supplies from South America. As stated above, demand for soy based beverages is showing solid growth. Canada is the leading supplier of soybeans for human food consumption.

Trade Policy & Market Access

A biotech labeling requirement is scheduled to be enforced in July 2014. While implementing details of the food labeling guidelines have not been made public, a list of processed products exempt from the labeling requirement and a threshold allowing for adventitious presence may be included in the final language of the regulations. The labeling requirement would not apply to meat reared on feed containing GMOs.

2. Copra

Copra production is forecast to continue declining. Palm plantation expansion reduced coconut planted area from 119 thousand hectares in 2007 to 92 thousand hectares in 2012, resulting in copra product declining from 21,538 tons in 2007 to 10,923 tons in 2011. Most copra is consumed as food (desiccated coconut, coconut cream, etc), leaving a small amount for the crushing sector. The outlook for copra output is on a slow downtrend in the near term.

TOTAL OILMEALS

1. Soybean Meal

Production and Imports

In line with expectations for moderate growth in the poultry sector, meal imports are forecast to grow through 2013/14.

Consumption

With a continued robust economy, demand for poultry meat in Malaysia remains firm. As consumers' demand for both pork and broiler meat grows, soybean meal consumption is forecast to increase marginally in 2013/14. Most major broiler and layer farmers in the sector plan to slightly expand production in 2013/2014. For 2013/14, no growth in the 1.9 million standing hog population is anticipated

2. Palm Kernel Meal

In line with the increase in palm kernel crush, palm kernel meal (PKM) production is expected to increase to 2.5 million tons in 2012/13. With a very small domestic beef and dairy sector, only minimal quantities are consumed locally, and almost all is exported.

TOTAL OILS

1. Palm Oil

For 2012/13, area harvested of matured palm plantation is expected to be marginally reduced as government replanting programs for smallholders started on January 2013. The government has a goal of replanting 100,000 hectares owned by smallholders; in addition, another 100,000 hectares is expected to be replanted by private commercial plantations. The majority of the replanting will occur in Peninsular Malaysia, where most of the 20 year old and above plantations are found. Any reduction in output as a result of the replanting will be offset by growth in E. Malaysia; so the over production forecast is unchanged at 19 million tons.

Fruit-bearing area is expected to expand to 4.8 million hectares in 2013/14, while fully matured hectare equivalent (MHE) is estimated to reach 2.5 million hectares. Nonetheless, with stagnant yields expected to continue, CPO production for 2013/14 is forecast to remain at 19 million tons.

The following MHE/yield table is based on the October/September marketing year

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Area-MHE (1,000 ha)	2,306	2,346	2,386	2,409	2,444	2,461
Production (TMT)	17,257	17,765	18,211	18,202	19,000	19,000
Yield-MHE (Ton/ha)	7.48	7.57	7.63	7.55	7.77	7.72

[NOTE: In calculating yields, the mature hectare equivalent (MHE) approach has been used to account for the shifting age profile of Malaysia's oil palm plantings. END NOTE]

Faced with record-level stocks and sagging prices, GOM is attempting to implement a B10 Biodiesel mandate by mid-2014. However, the pace of the B5 implementation is lagging, so achieving the B10 goal is questionable. So far \$25 million has been spent on infrastructure and blending facilities for biodiesel program. However, some automotive manufactures oppose the use of biodiesel blending beyond B5, which may deter full implementation. Nonetheless, if the B10 mandate is fully implemented by mid-2014, an additional offtake of 1 million tons may result.

With continued increase in demand from certain key markets, exports are forecast to reach nearly 17.7 million tons in 2013/14.

Trade Policy

Faced with high stocks and Indonesia's differential export tax system, GOM began implementing a new export tax structure in 2013, with the 4.5 percent assessed for the first time in March. Processed palm oil such as neutralized, bleached, and deodorized palm olein is fully exempt from export tax. The new

tax structure should make the local oleo-chemical industry more competitive with Indonesian refiners and increase their utilization rate.

Malaysia new Palm oil export tax.

CPO price (per ton in USD)*CIF Rotterdam	Old Export Tax	New Export Tax
750 – 800	20.2% to 20.8%	4.5%
800 – 850	20.8% to 21.4%	5.0%
850 – 900	21.4% to 21.9%	5.5%
900 – 950	21.9% to 22.3%	6.0%
950 – 1,000	22.3% to 22.7%	6.5%
1,000 - 1,050	22.7% to 23.0%	7.0%
1,050 - 1,100	23.0% to 23.3%	7.5%
1,100 - 1,150	23.3% to 23.6%	8.0%
1,150 - 1,200	23.6% to 23.9%	8.5%

Given price expectations for the rest of this marketing year, the export tax will unlikely be implemented throughout the remainder of 2012/13.

2. Palm Kernel Oil

Production of Palm Kernel Oil (PKO) is expected to increase two percent to 2.18 million tons in 2012/13, an increase of 4.2 percent from 2011/12. Stagnant growth is anticipated for 2013/14, with PKO output estimated to remain at 2.18 million tons.

PKO exports are forecast to drop slightly to one million tons in 2012/13 and remain constant at below 1.1 million tons in 2013/14. The main destinations are the U.S., China, Japan, Brazil and Egypt.

3. Coconut Oil

Total coconut oil import for year 2013 is projected at 110,000 tons. Most of the imports are further refined and for re-exported to third countries namely Singapore and Russia with export forecast at 160,000 tons in 2013. Coconut oil accounts for less than 1 percent of local consumption.

Oil, Palm PSD

Oil, Palm Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	4,680	5,080	4,680	5,100		5,120
Area Harvested	4,300	4,690	4,300	4,300		4,800
Trees	0	0	0	0		0
Beginning Stocks	1,986	1,986	2,480	2,480		2,500
Production	18,202	18,202	19,000	19,000		19,000
MY Imports	1,850	1,442	1,725	1,250		1,300
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	22,038	21,630	23,205	22,730		22,800
MY Exports	16,600	17,358	17,205	17,550		17,650
MY Exp. to EU	2,000	2,030	2,000	2,130		2,170
Industrial Dom. Cons.	2,020	1,060	2,230	1,690		1,725
Food Use Dom. Cons.	900	693	954	850		875
Feed Waste Dom. Cons.	38	39	139	140		75
Total Dom. Cons.	2,958	1,792	3,323	2,680		2,675
Ending Stocks	2,480	2,480	2,677	2,500		2,475
Total Distribution	22,038	21,630	23,205	22,730		22,800

1000 HA, 1000 TREES, 1000 MT

Oilseeds, Palm Kernel PSD

Oilseed, Palm Kernel Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: May 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	5,080	0	5,100		5,120
Area Harvested	2,750	4,690	2,800	300		4,800
Trees	0	0	0	0		0
Beginning Stocks	120	120	100	107		117
Production	4,500	4,625	4,750	4,780		4,803
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	4,620	4,745	4,850	4,887		4,920
MY Exports	0	0	0	0		0
MY Exp. to EU	0	0	0	0		0
Crush	4,520	4,638	4,750	4,770		4,810
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	4,520	4,638	4,750	4,770		4,810
Ending Stocks	100	107	100	117		110
Total Distribution	4,620	4,745	4,850	4,887		4,920

1000 HA, 1000 TREES, 1000 MT

Oil, Palm Kernel PSD

Oil, Palm Kernel Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4,520	4,638	4,750	4,770		4,810
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	336	336	532	145		160
Production	2,070	2,102	2,180	2,190		2,188
MY Imports	550	390	720	555		510
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	2,956	2,828	3,432	2,890		2,858
MY Exports	723	1,099	1,150	1,075		1,085
MY Exp. to EU	0	80	0	90		87
Industrial Dom. Cons.	1,576	1,479	1,542	1,540		1,520
Food Use Dom. Cons.	125	105	120	115		110
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	1,701	1,584	1,662	1,655		1,630
Ending Stocks	532	145	620	160		143
Total Distribution	2,956	2,828	3,432	2,890		2,858
1000 MT, PERCENT						

Meal, Palm Kernel PSD

Meal, Palm Kernel Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: May 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4,520	4,638	4,750	4,770		4,810
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	76	76	6	70		80
Production	2,415	2,400	2,540	2,480		2,500
MY Imports	10	0	10	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	2,501	2,476	2,556	2,550		2,580
MY Exports	2,400	2,160	2,200	2,200		2,230
MY Exp. to EU	1,230	826	1,230	950		980
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	5	0	5	0		0
Feed Waste Dom. Cons.	90	246	340	270		285
Total Dom. Cons.	95	246	345	270		285
Ending Stocks	6	70	11	80		65
Total Distribution	2,501	2,476	2,556	2,550		2,580
1000 MT, PERCENT						

Oilseeds, Soybean PSD

(in 1,000 hectares and 1,000 MT)

Oilseed, Soybean Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0		0
Area Harvested	0	0	0	0		0
Beginning Stocks	39	39	50	44		26
Production	0	0	0	0		0
MY Imports	609	609	600	610		625
MY Imp. from U.S.	375	258	330	360		371
MY Imp. from EU	0	0	0	0		0
Total Supply	648	648	650	654		651
MY Exports	29	29	20	33		32
MY Exp. to EU	0	0	0	0		0
Crush	395	335	390	330		335
Food Use Dom. Cons.	150	140	150	145		140
Feed Waste Dom. Cons.	24	100	35	120		120
Total Dom. Cons.	569	575	575	595		595
Ending Stocks	50	44	55	26		24
Total Distribution	648	648	650	654		651

1000 HA, 1000 MT

Meal, Soybean PSD

Meal, Soybean Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	395	335	390	330		335
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	33	33	20	31		23
Production	296	250	300	235		260
MY Imports	1,078	1,010	1,150	1,050		1,070
MY Imp. from U.S.	25	5	55	15		18
MY Imp. from EU	0	0	0	0		0
Total Supply	1,407	1,293	1,470	1,316		1,353
MY Exports	39	42	40	43		47
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	1,348	1,220	1,380	1,250		1,285
Total Dom. Cons.	1,348	1,220	1,380	1,250		1,285
Ending Stocks	20	31	50	23		21
Total Distribution	1,407	1,293	1,470	1,316		1,353

1000 MT, PERCENT

Oil, Soybean PSD

Oil, Soybean Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Oct 2011		Market Year Begin: Oct 2012		Market Year Begin: Oct 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	395	335	390	330		335
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	0	0	2	6		4
Production	68	57	69	55		57
MY Imports	95	99	95	90		93
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	163	156	166	151		154
MY Exports	137	128	140	125		127
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	24	22	22	22		23
Feed Waste Dom. Cons.	0	0	0	0		0
-	0	0	0	0		0
Total Dom. Cons.	24	22	22	22		23
Ending Stocks	2	6	4	4		4
Total Distribution	163	156	166	151		154
1000 MT, PERCENT						

Oilseeds, Copra PSD

Oilseed, Copra Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: May 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	92	0	91		91
Area Harvested	0	60	0	60		60
Trees	0	0	0	0		0
Beginning Stocks	1	1	1	1		1
Production	29	30	28	28		27
MY Imports	30	24	30	31		33
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	60	55	59	60		61
MY Exports	1	1	1	0		1
MY Exp. to EU	0	0	0	0		0
Crush	58	53	57	59		59
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	58	53	57	59		59
Ending Stocks	1	1	1	1		1
Total Distribution	60	55	59	60		61
1000 HA, 1000 TREES, 1000 MT						

Meal, Copra PSD

Meal, Copra Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: May 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	58	54	57	58		58
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	0	0	0	1		1
Production	21	21	21	20		21
MY Imports	1	0	1	0		1
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	22	21	22	21		23
MY Exports	3	1	3	1		1
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	11	14	11	14		14
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	8	5	8	5		7
Total Dom. Cons.	19	19	19	19		21
Ending Stocks	0	1	0	1		1
Total Distribution	22	21	22	21		23
1000 MT, PERCENT						

Oil, Coconut PSD

Oil, Coconut Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: May 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	58	54	57	58		59
Extr. Rate, 999.9999	1	1	1	1		1
Beginning Stocks	55	55	52	165		86
Production	37	37	37	37		37
MY Imports	175	287	170	110		150
MY Imp. from U.S.	0	0	0	3		0
MY Imp. from EU	0	0	0	0		0
Total Supply	267	379	259	312		273
MY Exports	145	140	150	160		165
MY Exp. to EU	10	10	10	10		20
Industrial Dom. Cons.	35	42	35	44		45
Food Use Dom. Cons.	35	32	30	22		25
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	70	74	65	66		70
Ending Stocks	52	165	44	86		38
Total Distribution	267	379	259	312		273
1000 MT, PERCENT						

Meal, Fish PSD

Meal, Fish Malaysia	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jan 2012		Market Year Begin: Jan 2013		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	240	236	240	234		235
Extr. Rate, 999.9999	0	0	0	0		0
Beginning Stocks	0	0	3	3		4
Production	65	55	65	54		55
MY Imports	20	9	22	21		20
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	85	64	90	78		79
MY Exports	27	19	25	20		20
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	55	42	62	54		56
Total Dom. Cons.	55	42	62	54		56
Ending Stocks	3	3	3	4		3
Total Distribution	85	64	90	78		79
1000 MT, PERCENT						

END OF REPORTS.